

127 FERC ¶ 61,098
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 30, 2009

In Reply Refer To:
Trailblazer Pipeline Company LLC
Docket No. RP09-476-000

Trailblazer Pipeline Company LLC
3250 Lacey Road, Suite 700
Downers Grove, IL 60515-7918

Attention: Bruce H. Newsome
Vice President

Reference: Expansion Fuel Adjustment Percentage and Request for Limited Waiver

Ladies and Gentlemen:

1. On March 31 2009, Trailblazer Pipeline Company LLC (Trailblazer) filed Second Revised Sheet No. 11 to its FERC Gas Tariff, Fourth Revised Volume No. 1, and supporting workpapers to increase its annual Expansion Fuel Adjustment Percentage (EFAP) in accordance with section 41 of its General Terms and Conditions. Section 41 permits Trailblazer to recover in-kind the fuel used by its shippers. However, Trailblazer requests a limited waiver of its tariff to place into effect on May 1, 2009, only the current EFAP component of 3.19 percent (which would postpone the additional deferred account component of 0.64 percent). For the reasons set forth below, the Commission grants the requested waiver and accepts Second Revised Sheet No. 11 to become effective May 1, 2009, as proposed.

2. Public notice of the filing was issued on April 14, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2008)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

3. Trailblazer's workpapers reflect an increase of 1.61 percent in the total EFAP rate from 2.22 percent to 3.83 percent applicable to all firm volumes transported on

Trailblazer's Expansion 2002 under Rate Schedule FTS.¹ The EFAP rate consists of a Current Rate and a Deferred Rate. The Current Rate recovers annual ongoing energy costs and consists of two components. The first component is based on actual natural gas consumption. The second component is based on electric costs, which are converted to natural gas equivalents. These costs are divided by Trailblazer's actual receipt volumes, net of fuel, for the 12-month Base Period ended January 31, 2009. The Current Rate increased from 1.99 percent to 3.19 percent, contributing 1.20 percent of the 1.61 percent increase in the instant filing's EFAP rate. The Deferred Rate reconciles actual fuel collections with actual costs, on a monthly basis, and recovers the balance in a deferred account over the annual recovery period. The under-recovered balance at the end of the Base Period was \$3,025,443, which results in a 0.41 percent increase in the EFAP rate from 0.23 percent to 0.64 percent.

4. Trailblazer states that the increase in the fuel rate results in part from an increase in electric power costs and an increase in the undercollection in the deferred account. However, Trailblazer avers that the majority of the increase is attributable to the fall in gas prices resulting in a significant reduction in the Average Monthly Index Price (AMIP), which is used to convert electric power costs to a gas equivalent volume, from \$8.14 to \$4.01. The decrease in the AMIP requires more fuel gas to be retained in order to recoup the electric power costs.

5. If implemented, Trailblazer's EFAP, as determined pursuant to the methodology under its tariff, would result in an increase in the EFAP of approximately 73 percent from the currently-effective EFAP of 2.22 percent. In order to alleviate the impact of such increase on its shippers, Trailblazer proposes to mitigate the increase by deferring recovery of the Deferred Rate until a future filing. Trailblazer states that the only portion of the EFAP that it proposes to recover in the instant filing is the Current Rate of 3.19 percent. Trailblazer states that the Current Rate is designed to recover Trailblazer's ongoing costs of operations. By collecting the Current Rate, Trailblazer states that the deferred account will not grow if the underlying assumptions used in the calculation are correct, including the projection of the forward-looking AMIP. Moreover, Trailblazer asserts that a change in gas prices could result in a reduction in the deferred account. Trailblazer states that it will forego carrying costs on the Base Period deferred account balance of \$3,025,443 until such time as it includes these costs in a future filing. Trailblazer will continue, however, to assess carrying costs on amounts that accumulate in the deferred account that are incurred after the end of the Base Period.

6. Accordingly, Trailblazer requests limited waiver of section 41.5 of its tariff to defer the collection of the costs associated with the Deferred Rate portion of its EFAP.

¹ Expansion 2002 was authorized by Commission Order issued on May 18, 2001, in Docket No. CP01-64-000. *Trailblazer Pipeline Co.*, 95 FERC ¶ 61,258 (2001).

Trailblazer states that the request for limited waiver is appropriate given the unique pricing circumstances that have resulted in a significant increase in the calculation of its annual EFAP. In addition, Trailblazer states that its request for waiver is consistent with previous waivers granted by the Commission in other pipeline fuel tracker proceedings, permitting the pipeline to provide shippers with a timely benefit or allow the pipeline more time to recover or smooth out the effects of an unexpected fuel increase.²

7. For good cause shown, the Commission grants Trailblazer's request for a limited waiver of section 41.5 of its tariff to defer the collection of the costs associated with the Deferred Rate and place into effect an EFAP of 3.19 percent. Accordingly, the Commission accepts Second Revised Sheet No. 11 to become effective May 1, 2009, as proposed.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

² Trailblazer cites *Colorado Interstate Gas Co.*, 122 FERC ¶ 61,304 (2008); *Panhandle Eastern Co.*, 26 FERC ¶ 63,058, at 65,257; *aff'd*, 27 FERC ¶ 61,345; *reh'g denied*, 28 FERC ¶61,115 (1984).